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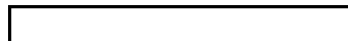
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29 March 1955

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Copy No. 88

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 60
NO CHANGE IN CLASS ☒
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 8 Jan 80 REVIEWER: 

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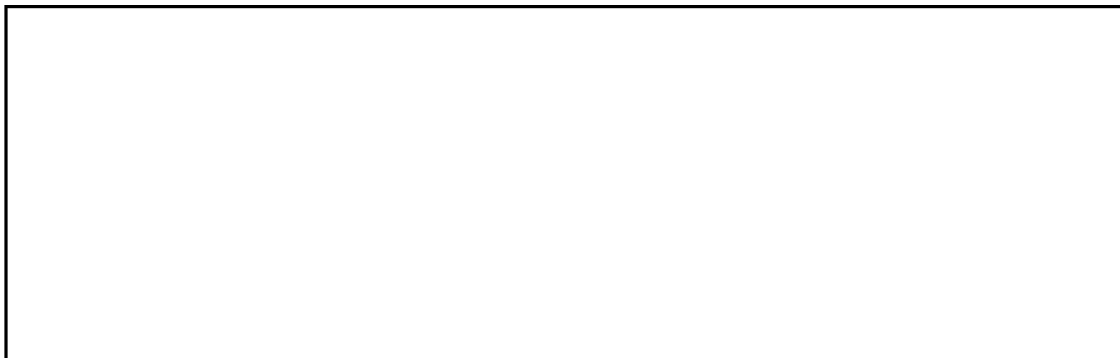


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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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SUMMARY

GENERAL

1. Bohlen believes Moscow maneuvering to block Austrian tie with NATO (page 3).
2. Molotov adamant against Nationalist representation at proposed conference on Formosa (page 3).

25X1

SOUTHEAST ASIA

4. Comment on South Vietnam situation (page 5).
5. British official urges primacy of Indian influence in Laos and Cambodia (page 5).

NEAR EAST - AFRICA

6. Comment on current tension in Turkish-Syrian relations (page 6).
7. Continuing border violence seriously concerns Israel and Egypt (page 7).

WESTERN EUROPE

8. Austrian foreign minister discusses Raab's proposed Moscow visit (page 7).

25X1

25X1A

GENERAL

1. Bohlen believes Moscow maneuvering to block Austrian tie with NATO:

25X1A



Ambassador Bohlen believes the Soviet Union may consider that the prospect of West German rearmament has increased the danger of some concealed involvement of the Western zones of Austria in the NATO military network. He suggests that recent Soviet maneuvers are designed to prevent this by ensuring the neutralization of Austria, and failing this, to provide propaganda justification for the integration of the Soviet zone into the projected Orbit military setup.

Bohlen points out that although the Soviet note of 24 March stated Moscow's willingness to consider the Austrian issue separately from the German question, it did not exclude the possibility that other matters besides Austria could be taken up at a four-power conference. He points out that the note implied the Soviet Union would reserve the right to send troops back into Austria after a treaty is concluded if it thought that a direct threat of an Anschluss had arisen.

2. Molotov adamant against Nationalist representation at proposed conference on Formosa:

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Comment: There have been unfirmed reports of high-level Soviet disagreement over the degree of support to be given Peiping on the Formosa issue. If these differences have not been finally resolved, this could explain Moscow's policy of stalling on the conference question while making sure, however, that the door is left open for a diplomatic solution.

Moscow may also have decided to hold out the prospect of negotiation on this situation until after next month's Afro-Asian conference.

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SOUTHEAST ASIA

25X1A 4. Comment on South Vietnam situation:

Premier Diem's decree of 26 March stripping the Binh Xuyen of its control over the Saigon police and transferring this force to the Saigon prefectural

authorities may lead to incidents between the government and the powerful gangster organization.

The Binh Xuyen has gradually emerged as the focal point of opposition to the government. With its large economic holdings to protect and with the special patronage of Bao Dai, the Binh Xuyen is not likely to retreat readily before government pressure.

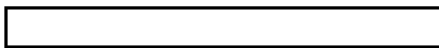
While the "united front" of the sects has apparently been weakened by independent Cao Dai general Trinh Minh The's reversion to support of the government, the American embassy in Saigon believes the premier's pronouncement of 27 March, offering to make certain changes in the government, will be regarded by the sects as a sign of weakness and may embolden them in their demands.

25X1A 5. British official urges primacy of Indian influence in Laos and Cambodia:

Britain would like to see India take over the "major foreign influence role" in Laos and Cambodia, according to a Foreign Office official. He told Ameri-

can officials in London that this was "of course long-range planning" and that Britain did not desire to see present American and French plans "queered."

The British official noted that India does not have the money to take over military training in Cambodia. He agreed that firm Indian support for the Laotian government was "most important" to the chances of restoring, by an appeal to the



International Control Commission, the royal government's control over areas held by the dissident Pathet Lao.

Comment: The British have long been anxious to see the Indians adopt a "big power" role in Southeast Asia. In line with this general policy, top British officials at the recent Bangkok conference suggested the possibility of having India take over responsibility for military training in Cambodia. The Indians have not been enthusiastic about assuming this responsibility.

NEAR EAST - AFRICA

6. Comment on current tension in Turkish-Syrian relations:

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Turkey's blunt diplomatic assault on the avowed intention of the present Syrian government to align itself with Egypt and Saudi Arabia against the Turkish-

Iraqi pact has evoked considerable resentment in Damascus.

The Syrian foreign minister told Ambassador Moose on 23 March, however, that despite Turkey's provocations, Syria intended to make every effort to maintain friendly relations and would keep the tone of its communications within normal diplomatic usage. Despite mutually hostile press campaigns, charges of border violations, and the recall of the Syrian ambassador in Ankara for consultations, a formal rupture of relations between the two countries does not seem likely at this time.

Ankara has categorically denied press reports that Turkish troops are concentrating on the Syrian frontier and attributes these reports to Egyptian propaganda.

The unusually tough tone of Turkey's diplomatic notes to Syria has nevertheless alarmed Lebanon and, to a lesser extent, Iraq, which fears that Ankara may be overplaying its hand. However, pro-Western Syrians in touch with the American embassy in Damascus believe the Turkish pressure is helping materially to influence the Syrian cabinet away from the Egyptian-Saudi proposals.

25X1A 7. Continuing border violence seriously concerns Israel and Egypt:

Prime Minister Sharett told the American ambassador on 26 March that Israel is gravely concerned over continuing border violence in the Gaza area. Sharett said that the attack on an Israeli wedding party on 24 March "raises again the question of how long Israel can remain calm in the face of repeated violence."

Sharett has also had meetings with the British, French and Soviet ambassadors to emphasize the seriousness of the border situation in the Gaza sector.

Egypt has categorically denied official responsibility for this incident. The American embassy in Cairo states that Egyptian officials are "clearly upset" by it and have expressed fear that their government will be charged with instigating this attack.

Comment: Egypt is incapable of controlling the actions of the more than 200,000 Arab refugees in the Gaza strip.

Israel, supported by the UN Mixed Armistice Commission's censure against Egypt for the attack of 24 March, will probably expect the Security Council to consider the over-all Egyptian-Israeli border situation before condemning Israel for the 28 February attack against an Egyptian military post in Gaza.

WESTERN EUROPE

25X1A 8. Austrian foreign minister discusses Raab's proposed Moscow visit:

Austrian foreign minister Figl informed the Western ambassadors in Vienna on 26 March that the cabinet would decide on 30 March whether Chancellor Raab

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should accept the Soviet invitation to visit Moscow. He thought Raab would certainly not go until after Easter, and mentioned that the chancellor would have to be back in Vienna for ceremonies on 27 April.

Figl agreed that no commitments should be made in Moscow on Austrian neutrality. He observed that there were great dangers in neutrality guarantees, and said he favored a simple four-power guarantee of Austrian sovereignty and territorial integrity with no provisions for implementation.

Figl said he thought that if pressed on this matter by the USSR, the Austrians should express satisfaction with the present draft treaty and state that if the USSR wants something more, it should take the matter up with the Western powers.

American ambassador Thompson is by no means sure, however, that Raab "will take or be able to maintain" such a position.

Comment: In view of favorable Austrian press reaction to the Soviet invitation and the general air of optimism among many Austrian leaders, Raab's trip to Moscow now appears a certainty.

Figl was described in a recent report as irritated by Raab's "irresponsibility" in making promises in dealing with Soviet officials. Raab probably will find it difficult to go back on his 20 March statement that Vienna would be willing to insert an Austrian pledge of neutrality in the state treaty. Such a pledge was proposed by Molotov during the Berlin conference in January 1954 and was opposed by the Western powers at that time.

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